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U. S. Department of Agriculture
Federal Extension ServiceTHE PROS AND CONS OF ROADSIDE
MARKETING ASSOCIATIONS^{1/}by Dana G. Dalrymple^{2/}I. Introduction

There has long been interest in farmers' roadside marketing associations. In fact, over the past 40 years farmers in a number of States have established roadside market groups. These associations were first set up in the late twenties and early thirties, and then in the middle fifties to the present. Growers were initially prompted by a desire to differentiate themselves from the shoddy huxter-type stands that are so common around the edges of our cities. But as they became more fully involved, they began to see other advantages to such associations.

Unfortunately, however, there are problems inherent in this sort of organization that must be reckoned with. The early groups did not see these clearly, and all of them have ceased to exist. However, three State groups which have been organized since the fifties appear to have avoided some of the pitfalls of the earlier organizations and seem to be going well.

In my comments today I will (1) take a brief look at the experiences of these earlier groups, (2) consider the activities of the present organizations, and (3) offer some ideas on the outlook for such groups. In each case I shall try to consider the more important advantages and disadvantages that are involved.

II. Past Associations^{3/}

From the middle twenties to just before World War II, roadside marketing associations were in operation in a number of Eastern States. Altogether, there appear to have been ten programs in nine States (one State had two programs). When I was in Connecticut some years back, I examined the programs in five of these States -- Massachusetts, Connecticut, New York, New Jersey, and Ohio -- in some detail. In addition, I have looked at what little information appears to be available on associations in four other States: Maine, Rhode Island, Maryland, and Missouri.

^{1/}Presented at the New Hampshire Roadside Marketing Conference, Manchester, April 1, 1965.

^{2/}Economist, Fruit and Vegetable Marketing, Division of Marketing and Utilization Sciences.

^{3/}Further detail on this subject is provided in my report, Farmers Roadside Marketing Associations, University of Connecticut, Cooperative Extension Service, October 1957, 27 pp.

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It appears that the advantages of organization then were much the same as today. In addition to differentiating their stand and product, the associations had in mind the following activities:

- coordinated purchasing of supplies (including bags printed with the association's emblem).
- more informed purchasing and merchandising of the product (including price reporting and some interchange of produce).
- coordinated advertising and promotion (involving use of the group's emblem and free time on radio).

Despite the possibilities held out by these courses of action, the associations -- as I have indicated -- gradually disintegrated. Why? Several reasons seem to emerge:

1. The associations too often found that the members' stands were so widely scattered that it was difficult to keep the group together as well as have any particular impact on the public.
2. All of the groups were initially sponsored by some agency such as Farm Bureau or Extension which expected to pull out after the group developed its own leadership. Farm leadership, however, too often did not materialize. Furthermore, none of the groups had a clearly defined manager. Thus, when the sponsoring group withdrew, the association floundered.
3. The farmer members did not give sufficient attention or emphasis to a strict and thorough inspection program.
4. Several groups established regulations providing that too high a proportion of the commodities sold had to be raised where they are grown (for season-long operation and variety, even the most farm-oriented of stands may have to buy a substantial portion of produce locally).

We shall keep these lessons in mind as we review the operations of current associations.

III. Present Association^{4/}

At present, as I have indicated, three roadside marketing groups are in existence. They are: (1) Jersey Certified Farm Markets; (2) Michigan Certified Farm Markets; and (3) Approved Farm Stand Program (Massachusetts).

^{4/}These associations will also be discussed in a forthcoming bulletin on roadside marketing by Jim Milmo of the University of Delaware (part of a more comprehensive project on direct marketing which is being conducted in cooperation with the Federal Extension Service).

As with earlier efforts, all were organized to differentiate the good, bona fide, farm markets from the others. The New Jersey and Michigan groups have quite a bit in common in addition to their names. The Massachusetts group is of slightly different nature. We shall look at these associations first from an organizational point of view.

A. Organization

The New Jersey and Massachusetts associations were formed between 1956 and 1957; the Michigan group is considerably younger, having been established about a year ago. All were organized as a result of the joint efforts of Extension and Farm Bureau specialists, along with the cooperation of the State Department of Agriculture.

Each of the associations is affiliated with a parent organization. The New Jersey and Michigan associations are tied in with the State Farm Bureau. The New Jersey group, while a non-profit corporation, is listed as "A membership service of New Jersey Farm Bureau." The Michigan group is a division of Farm Bureau's Agricultural Cooperative Marketing Association.^{5/} The Massachusetts stand program is a service of the marketing committee of the Massachusetts Fruit Growers Association, Inc. In each case, Extension marketing specialists serve as advisors.

In terms of number of members, the Jersey group is the largest with 40 members, followed by Michigan with 27, and Massachusetts with 11. The operations of the Michigan organization have been limited to the nine counties in the Detroit area, but a State-wide membership program is about to get underway. The groups feel that a larger membership would be better but do not want to grow so rapidly that they sacrifice quality.

B. Qualifications

The basic qualifications of each group are that the stand pass an initial inspection and adhere to a code of ethics. I have copies of the Jersey and Michigan codes and will show them to you. (Appendix A and B) Most of the items, as you can see, center around the integrity of the stand operator, the operation of the stand, and the quality of the products sold. There are, however, several items I would like to single out for special mention.

First, members must also belong to the sponsoring organization. Jersey members must also be members of the New Jersey Farm Bureau, while in Michigan non-Farm Bureau members are not required to join until 13 months following acceptance of membership. Massachusetts growers presumably have to belong to the Fruit Growers Association.

Secondly, there are regulations as to the source of produce sold. In Jersey, a substantial portion of the farm products sold must be locally and/or New Jersey grown. The Michigan rules are a bit more stringent, requiring that

^{5/}Actually, Michigan Certified Farm Markets was formed independently and then decided to affiliate with MACMA.

the stand operator must produce 50% of the volume of a major commodity sold at the market. The Massachusetts regulations are the most severe; they require that at least 60% of all the items sold be produced or made by the stand operator.

Thirdly, there are some rulings as to the type of structure. Jersey requires a permanent building, while Michigan states only that it be a permanent or semi-permanent type of building.

The dilemma in setting up such criteria is that they not be too slack so as to be meaningless, yet not so tight as to exclude too many good stands. The New Jersey regulations were set up for a highly urbanized State and might be considered too lenient in a different setting.^{6/} Conversely, the Massachusetts ruling might be considered too tight for general use. My own feeling is that for most States the Michigan regulation could be a good starting point.

C. Program

The programs followed by each of the three groups are quite similar in certain basic respects. They include the following:

- Signs. Each group owns distinctive metal association signs which are leased or loaned out to members. The association maintains ownership so that it can reclaim the sign if the stands do not meet standards.
- Code of Ethics. Each group also provides its members a copy of their Code of Ethics. These are to be prominently posted in the market.
- Inspection. To make sure that standards are maintained, stands are inspected, usually by representatives of the State Department of Agriculture. The number of inspections varies, but at least two are scheduled in Michigan. Michigan has a printed inspection form which is filled out by the inspector.
- Promotion. Each group strives to get as much free publicity as it can. It seems that mass media are quite willing to give space or time to groups like this, where they could not do it for one individual. In addition, Jersey members make liberal use of the association insignia in their advertising, in printing on bags, and on other promotional materials (balloons, match books, etc.). Michigan also plans to develop recipe folders, and possibly insert cooperative ads in some of the metropolitan newspapers. Massachusetts growers are required to use the association emblem in their promotional materials.
- Cooperative Purchasing. Both Jersey and Michigan engage in joint purchasing of bags and packaging materials. Jersey growers also cooperatively

^{6/}A stand operator need not be a farmer under existing rules in New Jersey. The regulations were set up this way so as not to exclude several operations which were doing an outstanding job of selling local produce. However, the operator must qualify for associate membership in Farm Bureau and, of course, be accepted by Certified Markets.

buy fertilizer, jams, jellies, etc. One Jersey grower supplies shelled lima beans to other members. The Michigan organization plans to step up its activities in this area during the coming season.

--Educational Activities. Jersey and Michigan groups hold annual meetings at which some educational work is carried on. Jersey's meetings are held during Farm Week; this year, for instance, Ransom Blakeley of Cornell talked on improving stand operations. Jersey has also sponsored a retail training course for employees of the market. The Michigan group has been less formal so far and has leaned to farm visits.

D. Management and Fees

The extent of the program in each State depends to some degree on the type of management involved. In New Jersey, George Hoffmire, a Farm Bureau employee, spends half time with the group and is paid from association funds. Michigan does not yet have a specific manager, but considerable assistance is provided by Noel Stuckman of the Farm Bureau; Don Hine, District Extension Marketing Specialist; and Melvin Andrus, Michigan Department of Agriculture. As mentioned before, inspection is handled by the State Department of Agriculture.

Membership fees, of course, vary. In Jersey, the cost varies from \$60 to \$220, depending on the size of stand and number of months of operation.^{7/} Michigan charges \$25 to \$36, depending on length of season, plus \$8 for each sign.^{8/} Similarly, Massachusetts charges \$25 plus \$3 for the sign.

E. Problems

The big problems that the associations have had so far appear to center about membership, membership relations, and management. First, there is the matter of building up membership. Then there is the question of maintaining it.

New Jersey's membership has remained at 40 for the past year and a half, but there has been some change in composition. In fact, over the years some 26 operators have dropped out. Most of these represented farms or stands which sold out, while some members changed operations or died. However, three did not meet standards and five "lost confidence." The latter group included some members who were basically very independent and who had been oversold on the value of the association. An occasional large, well-established, and

^{7/}The specific breakdown is as follows:

<u>Gross Sales</u>	<u>Annual</u>	<u>Monthly</u>
up to \$25,000	\$ 50	\$10
\$25,000 and over	\$100	\$20

^{8/}For stands which are in operation less than three months, the fee is \$25; for those in operation over three months, it is \$35. In addition, the operator is required to purchase one share of MACMA common stock (\$1).

independently-minded stand operator may feel that the association may have little to offer him. One of the manager's big jobs is to promote new membership and keep the present members satisfied. The attitude of some seems to be not "what have you done for me," but "what have you done for me lately."

The Michigan group, being considerably newer, has not yet faced the problem of losing members. It is, as I have stated, now in the process of initiating a State-wide membership drive. Not all of the members are particularly interested in sharing a good thing -- say with the competing market down the road -- but realize the value of additional membership. But as the group gets larger, the problem of management will get more severe. As you know, when your stand is open you do not have time to think about much else. Thus in season, a roadside market group virtually has to have an outsider to handle the many chores that need to be done. The Michigan group realizes that it cannot indefinitely expect Extension and Farm Bureau to donate management help, and is now considering arrangements for retaining one of Farm Bureau's marketing specialists on a part-time basis (perhaps one day a week to start with).

But none of these problems are unique. They would accrue to any farm organization. Hence, there is no reason to suspect that it would be much more difficult to set up a roadside marketing association than it would many other marketing groups.

IV. Outlook

Despite the problems I have mentioned, it seems to me that the advantages of roadside marketing associations far outweigh the problems that are involved.

Therefore, I think that the outlook for roadside marketing associations is likely to be one of gradual growth of members and numbers. In fact, such groups are now under consideration in Connecticut and New York. The current organizations seem to be avoiding the big pitfalls of the groups of the twenties and thirties. Of course, there will be organizational problems -- there always are -- but I think that reasonably good systems have been worked in New Jersey and New York. The big problem now, it seems to me, is developing active farm leadership and obtaining good management on one basis or another.

As the State associations grow in size and number, we will eventually probably see interest in forming interest in some sort of national organization -- perhaps affiliated, for example, with Farm Bureau. Such a group could be of value in several areas. It could, most importantly, encourage further research and educational work with roadside markets. It could also provide a focal point for examining ways of coping with such problems as local zoning, or limited access highways.

But this is crystal ball gazing. What about New Hampshire? If you are seriously interested in forming such an association, I would suggest that you first consult with your Extension workers, and then with the State Farm Bureau (or other appropriate farm group) and the State Department of Agriculture. If they are willing to get behind you, perhaps Extension then might help arrange to bring in a leader from one of the existing groups for more detailed advice. But whether you choose this approach or another, I think you would find a roadside marketing association well worth your further attention.

APPENDIX A.

CODE OF ETHICS

The following qualifications for membership have been adopted by the Directors of the Association.

Personal Qualifications:

1. Be a farm market operator.
2. Be a member of New Jersey Farm Bureau.
3. Be dedicated to building his business upon the confidence of the consuming public.

Market Qualifications:

1. Substantial portion of farm products sold at market be locally and/or New Jersey grown.
2. Buildings be neat, permanent and well painted or stained.
3. Ample safe parking space.
4. Clean, neat interior and exterior.
5. Advertising signs shall be well planned and appropriate and there shall be no misleading signs or information.
6. Displays that are well kept and plainly priced and described.
7. Sales personnel who are neat, courteous and informed.
8. Merchandise be in fresh condition and as represented.
9. Pack be well filled and meet legal requirements.
10. "Qualifications for Membership" be publicly displayed in market.
11. If the member market violates this code of ethics, membership shall be revoked and all material denoting a connection with this Association must be removed from public display.

Comments and suggestions will be welcomed by --

JERSEY CERTIFIED FARM MARKETS, INC.
The Farmhouse, 168 West State Street
Trenton 8, New Jersey

APPENDIX B.

M I C H I G A N C E R T I F I E D F A R M M A R K E T S

CODE OF EHTICS

A code of ethics is a statement of rules of good business conduct. It is based on the principle that our conduct necessarily affects others, and that no man should act in disregard of the rights of others.

This code of ethics is based on the premise that competition is both desirable and necessary in a democratic society and that competition can be conducted in a manner devoid of dishonest, destructive and demoralizing practices.

To assure vigorous and active competition in our industry on a basis of mutual respect, fairness, and integrity, and ever-mindful of the public welfare, we the members of

MICHIGAN CERTIFIED FARM MARKETS

1. Have adopted and do hereby subscribe to this Code of Ethics.
2. Grow substantial portion of commodities offered for sale.
3. Offer for sale only merchandise in best quality condition.
4. Present well-kept displays, plainly priced and described.
5. Sell an honest pack, well-filled, and meeting stated grade.
6. Use no false or deceptive statements.
7. Adhere to highest standards of honest advertising.
8. Build business volume on customer confidence.
9. Employ only neat, courteous and informed sales people.
10. Maintain clean, attractive market buildings and grounds.
11. Provide ample, safe parking facilities.
12. Observe all laws relating to roadside marketing.
13. Maintain active membership in Michigan Certified Farm Markets Organization.

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(Name of Market)

Date _____

